

Doing More With Less: Advice for State Policymakers

Michael J. Petrilli, Thomas B. Fordham Institute

If you're a governor, legislator, budget director, or other state official, you don't need to be told that education spending cuts are upon us. After years of non-stop increases—national k-12 per-pupil spending is up by one-third in inflation-adjusted dollars since 1995—our schools now face the near certainty of repeated annual budget cuts for the first time since the Great Depression.

In some states and districts, reductions will be dramatic—well into the double digits. And these new revenue-trend levels are likely to be semi-permanent, what with increased pressure on the public purse from the retirement of Baby Boomers, Medicaid and Medicare costs, debt payments, and other demands.

The challenge for education policymakers is not only to cut carefully so as not to harm student learning, but, better yet, to transform these fiscal woes into reform opportunities: to cut smartly and thereby help our schools and students emerge stronger than ever. Here are some ideas on how to do that.

Cutting smart: Start with the end in mind

First, accept the reality that **state officials like you don't actually control the bulk of school budgets; districts do.** It will be local school boards, superintendents, and their staffs, as well as charter schools, intermediate agencies, and other sub-state consumers of education dollars who will decide at the end of the day what gets axed or repurposed. Do they simply lay off all the newest teachers? Get rid of art and music classes? Charge fees for extra-curricular activities or out-of-zone busing? Or do they think big and restructure teacher compensation, rethink personnel assignments, exit ineffective staff, embrace more efficient delivery systems, push for union concessions around health-care benefits and pensions, and apply innovation to

reduce reliance on some personnel?

They will decide. Yet you are far from powerless. You create the frameworks within which these choices get made. Funding formulas and myriad state laws and regulations have enormous impact on the spending decisions that districts and schools make.

In some states, for example, policies that require extra pay for teachers who earn master's degrees or that mandate the number of sick days that districts must offer their employees can tie the hands of local leaders and drive up costs. These costs are often set to escalate each year at rates far beyond projected increases in revenues. In fact, much of the pickle districts are in is created by the automatic yearly increases built into district budgets through salary and benefit plans and is made worse by the fact that districts have surrendered many of the tools typically used to scale back spending (such as structured layoffs). Thus, your job isn't just to right-size revenues; it's also to prune harmful regulations that tie responsible superintendents in knots.

The worst-case scenario is to make across-the-board cuts to your education formulae while leaving all manner of harmful laws, regulations, mandates, obsolete programs, and practices in place. You may reduce the state's spending but you surely won't improve its education, and you may well worsen it.

For instance:

- If you want local districts to consider new approaches to teacher pay—e.g., approaches that don't rely on seniority and raises tied to mostly meaningless master's degrees—you probably have to make changes at the state level. In numerous states, the law *requires* districts to adopt salary schedules with “steps and lanes”

predominantly based on years of service and college-credit-based credentials.

- If you want districts to stop the nonsensical practice of “last in, first out,” which peels off the newest and most energized (and least expensive) teachers and other staff, you’d better make sure that your own state doesn’t mandate it.
- If you think that strategic increases in class size—and some new approaches to instructional delivery, such as adroit use of online learning—make both budgetary and educational sense, you have to ensure that state barriers don’t preclude this.

It was no accident, of course, that such restrictions made it into the state books. For each policy that affects resource allocation, there is a stakeholder group ready to defend it. You have your work cut out for you.

The role for state policy: Be courageous

The challenge for state policymakers, then, is to make the courageous, education-enhancing changes more feasible and thus more likely, while also explaining the need for these changes to the public. Toward that end, you have two primary tools in your box: getting rid of harmful state policies and adopting proactive ones instead.

Untie the Strings

1. **End “last in, first out” policies** so that school districts can make layoffs based on effectiveness. (A recent survey from the Fordham Institute found huge support for ending “LIFO”—upwards of 74 percent of the public wants the most effective teachers protected, regardless of seniority.)
2. **Remove class-size mandates** to give districts greater flexibility. (The same survey also found support for increasing class sizes—as a trade-off for higher quality teachers.)
3. **Eliminate mandatory salary schedules** or demands that teachers with master’s degrees be paid extra. The evidence just doesn’t support it.
4. **Eliminate state mandates regarding work rules and terms of employment.** Let local superintendents negotiate these issues with

their employees.

5. **Remove “seat time” requirements** so that online learning and hybrid learning can flourish.
6. **Merge categorical programs and ease onerous reporting requirements** in order to get as much money to the classroom as possible.
7. **Tackle the fiscal viability of teacher pensions.** Without reform, pension obligations (and retiree healthcare costs) are going to sink many financially fragile districts. Address your pensions and benefits problems sooner rather than later.
8. **Move toward weighted student funding,** to allow for a more equitable distribution of state funds, and to encourage prudent spending decisions at the school level.

Go on offense

9. **Offer waivers of non-productive state requirements** so that districts don’t have to waste money or manpower cutting through bureaucratic red tape.
10. **Allow districts to declare “financial emergency”** in order to renegotiate contracts with employees, vendors, etc.

Conclusion

Many states now face budget challenges of historic proportions. Decisions made in the coming months will carry big repercussions for years to come. The simplest course of action is to slash budgets in ways that erode schooling. In this scenario, important reforms are left behind, overall services are diminished, innovations are scrapped, and the system simply does less with less. Worse still, cuts are made in ways that make the system unsustainable for years to come, virtually guaranteeing a multi-year cycle of educational erosion and decay.

A more proactive and thoughtful approach has the potential of not only protecting the existing quality of schools, but also setting the stage for the kinds of reforms not possible in previous years. In this far-reaching scenario, closing budget gaps also has the effect of unlocking commitments, policies, practices, and habits such that available education dollars can

be used differently to better serve students.

Such an outcome requires coordination of policy actors at multiple levels, including state and local leaders and organized labor. For state policymakers, the charge is not only to implement the kinds of policy changes listed here, but also to serve as leaders in the dialogue to pave a more productive path for public education.

Are you up to the challenge?